

Message Text

PAGE 01 STATE 038298

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FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

USSAGE

CINCPAC

COGARD

XMT AMEMBASSY SUVA

UNCLAS STATE 038298

E.O. 11652: N/A

TAGS: PFOR, DC, US

SUBJECT: FEBRUARY 26 EA PRESS SUMMARY

INDOCHINA

1. BESET WITH SERIOUS ECON PROBLEMS AS FOREIGN EXCHANGE RESERVES DROP BELOW 100 MILLION DOLS AND IMPORTS CONTINUE AT FIVE MILLION WEEKLY, GVN BEGINS WEEK-LONG CONFERENCE SERIES TO SEEK SOLUTION. THIEU CALLS IN TOP ADVISERS FROM PROVINCES, MINISTERS CONFER WITH FOREIGN BUSINESSMEN AND ECON MINISTER WORKS ON INFLATION-SLOWING MEASURES (UPI SAIGON).

UNCLASSIFIED

PAGE 02 STATE 038298

2. DRV MFA SAYS WILL "REVISE ITS POSITION" ON PARTICIPATION IN GENEVA LAW-OF-WAR CONFERENCE IF VC NOT ADMITTED. GVN MFA ACCUSES DRV OF TRYING FORCE NON-ALIGNED NATIONS TO VOTE FOR VC AND ATTEMPTING PUT NON-

ALIGNED BLOC UNDER CONTROL OF "EXTREMISTS" WHO SUPPORT COMMUNIST NATIONS (REUTER SAIGON).

3. ARVN SPOKESMAN SAYS HOPES TO COMPLETE SECOND PHASE OF POW EXCHANGE DESPITE SOME SLOWDOWN, PRESENTLY NEGOTIATING WITH VC ON THIRD PHASE TO START TOMORROW, HOPES TO COMPLETE EXCHANGE BY MARCH 1 (REUTER SAIGON).

4. USAID EMPLOYEE MIKE BENGE, AFTER FIVE YEARS AS POW, RETURNED TO SVN ON PERSONAL VISIT TO FIND MONTAGNARD FINANCEE WED, UNWILLING TO LEAVE HUSBAND AND CHILDREN THOUGH LOCAL CUSTOM GAVE BENGE PRIOR OPTION (AP WP, SUN, CHITRIB).

5. MCARTHUR(LAT 2/23) FROM SAIGON REPORTS POLICE CONFIRM ARREST DURING GAMBLING RAID OF AMCITS R.D. TUTTLE AND AN ASSOCIATE. MILLIONAIRE GAMBLER TUTTLE RAN LEGAL CASINOS IN "MALAYSIA AND ELSEWHERE," BEING HELD FOR HEARING; SAYS WAS INVITED TO SAIGON IN AUGUST BY "HIGH GOVERNMENT OFFICIALS" TO MAKE PROPOSAL FOR OFFICIAL CASINO; RETURNED LAST WEEK TO CONTINUE LOOK INTO LEGAL GAMBLING POSSIBILITIES IN SVN. OVER 500 PEOPLE NETTED IN FIRST NIGHT OF GAMBLING RAIDS AND "FEW HUNDRED" MORE SINCE THEN. MANY STILL IN JAIL, THOUGH SOME "FAT-CATS" AND DIPLOMATS "SLIPPED OUT VARIOUS BACK DOORS" WHILE POLICE "LOOKED THE OTHER WAY." BUT RAIDS RESULTED IN FIRING OF VETS' AFFAIRS MINISTER, POLICE DISTRICT CHIEFS AND OTHER OFFICIALS FOR INVOLVEMENT OR NEGLECT OF DUTY. RAIDS CONSIDERED EFFECTIVE IN CLOSING GAMBLING DENS, BUT TRADITIONAL CHINESE GAME OF MAH-JONG EXCLUDED, AND "RATTLES MERRILY ALONG...WITH BETTING KEPT PRIVATE." MCARTHUR QUOTES SAIGON CLUB OWNER THAT CRACKDOWN CAUSED BY GVN FEAR THAT INTERNATIONAL FIGURES GETTING INTERESTED AND THAT GAMBLING SPREADING CORRUPTION THROUGH POLICE. GAMBLING UNCLASSIFIED

PAGE 03 STATE 038298

HOUSES TOLERATED UNTIL ABOUT EIGHT MONTHS AGO WHEN BEGAN MUSHROOM AND GET OUT OF HAND.

6. FANK COMMAND REPORTS 35 REBELS, THREE GKR SOLDIERS KIA IN OFFENSIVE TO RELIEVE PRESSURE ON PP (WP). BATTLE CONTINUES 15 MILES NW OF CAPITAL. FANK SPOKESMAN SAYS ACTIVITY LESSENED AS RESULT OF HEAVY LOSSES OF MEN AND EQUIPMENT INFLICTED ON REBELS, BUT THEY REMAIN IN AREA (REUTER SAIGON).

7. MCCOMBS (WP) FROM KONGPONG SOM DESCRIBES EXOTIC TOWN THAT FORMERLY "SPARKLED WITH LIFE" AS PORT AND RESORT. IN LATE 1960S, ARMS, AMMO AND SUPPLIES FOR

NVA AND VC PASSED THROUGH ON WAY TO SVN. TRUCK CONVOYS MOVED AT NIGHT TO KEEP PUBLIC CALM, BUT US RECON JETS ROARED OVERHEAD. EVERYTHING CHANGED SINCE WAR. MAJOR HOTEL CLOSED, BEACHES EMPTY, ONLY FEW SHIPS UNLOAD. NOT MUCH FIGHTING IN AREA SO REFUGEES COME. US SUPPLIES PILE UP BECAUSE ROUTE 4 TO PP CLOSED "MOST OF THE TIME SINCE THE AMERICAN BOMBING HALT." SOME STRANDED US SUPPLIES RELOADED ON SHIPS FOR PP VIA MEKONG, WHILE DESPERATELY-NEEDED IEMS FLOWN BY US C-130S TO CAPITAL.

CHINA

8. AP REPORTS PRES. NIXON RISKING IRE OF NEWLY-ARRIVED FOREIGN AMBASSADORS BY KEEPING THEM WAITING WEEKS, EVEN MONTHS, BEFORE RECEIVING THEIR CREDENTIALS. OBSERVES HUAN CHEN WAS ONE OF FEW ENVOYS PRES. DIDN'T KEEP WAITING; HE RECEIVED PRCLO HEAD "LESS THAN 24 HOURS AFTER HE ARRIVED" (CHITRIB).

9. AFP SAYS PRC HAS MADE INFORMAL COMPLAINTS TO AUSTRALIA ABOUT REPORTING FROM PEKING BY AUSSIE JOURNALISTS. GOA AMBASSADOR FITZGERALD WAS TOLD OF CHINESE CONCERN BY PRC VICE FOREIGN MINISTER AT SUNDAY'S DINNER FOR ZAMBIAN PRES.(WP).

10. UPI HK REPORTS PEKING'S "GRAND CEREMONY OF WELCOME" TO VISITING ALGERIAN PRES; NCNA DESCRIBED UNCLASSIFIED

PAGE 04 STATE 038298

ARRIVAL IN GLOWING TERMS (NYDN).

11. WP'S RANDAL, IN PARIS, NOTES PRC EMBASSY, WARNING OMINOUSLY OF "CONSEQUENCES" FOR FRANCO-CHINESE RELATIONS, PROTESTED MONDAY AGAINST GOF'S REFUSAL TO BAN ABOUT-TO-BE-RELEASED MUSICAL ("THE CHINESE IN PARIS") DEPICTING IMAGINARY CHINESE OCCUPATION OF FRANCE. TAKING RAP AT PRC'S "LACK OF SENSE OF HUMOR," RANDAL CITES SCENES THAT PROBABLY IRKED PEKING: IN "WONDERFULLY FUNNY VERSION" OF "CARMEN," DUBBED "CARMENG," PIGTAILED HEROINE RUNS OFF WITH COCA-COLA-SWILLING AMERICANS AND IS RESCUED BY CHINESE TROOPS IN SEQUENCE OF BALLET NUMBERS BASED ON SUCH CHINESE CLASSICS AS "RED WOMEN'S DETACHMENT" AND "TAKING TIGER MOUNTAIN BY STRATEGY"; ALSO, CHINESE TROOPS SHOWN WAVING, NOT LITTLE RED BOOK OF MAO THOUGHTS, BUT RED-COVERED MICHELIN GUIDE OF GOOD HOTELS AND RESTAURANTS, AS THEY DANCE WITH HANDS ON PARTNERS' BOTTOMS IN TRANSVESTITE NIGHTCLUB.

12. JOC'S FULLER REPORTUS-MADE MERCHANDISE "SELLING LIKE HOTCAKES" IN ROC. RETAIL BUYING MISSION NOW

IN US EXPECTS TO PURCHASE IN EXCESS OF 1.5 MILLION DOLS IN US GOODS, INCLUDING HOUSEWARES, TOILETRIES, ELECTRICAL HOUSEHOLD APPLIANCES, JEWELRY, ETC. US EXPORTS TO TAIWAN NEARLY DOUBLED IN 1973.

THAILAND

13. SEVERAL THOUSAND ATTEND DEMOCRATIC PARTY RALLY

IN FIRST ORGANIZED POLITICAL GATHERING IN THAILAND IN THREE YEARS, ELECT FORMER AMBASSADOR TO US AND PM SENI PRAMOJ AS PARTY HEAD (WP).

KOREA

14. FIVE INTELLECTUALS WHO CRITICIZED PARK REGIME INDICTED FOR VIOLATING ANTI-COMMUNIST AND SECURITY LAWS, ACCORDING TO SEOUL DISTRICT PROSECUTOR'S OFFICE, THAT SAYS THEY WERE RECRUITED BY NK AGENTS AND UNCLASSIFIED

PAGE 05 STATE 038298

ENGAGED IN PRO-NK ACTIVITIES THROUGH WRITINGS (WP; CSM; AP NYDN, CHITRIB). KAL SIGNS PURCHASE AGREEMENT FOR 10 WIDE-CABIN DC-10S VALUED AT 155 MILLION DOLS (JOC).

JAPAN

15. CULLISON (JOC) FROM TOKYO REPORTS THAT GOJ AND INDUSTRY LEADERS FACE UNPRECEDENTED DIFFICULTIES IN REVISING TRADE, INVESTMENT AND BUSINESS STRATEGIES FOR 1974. ALMOST ALL PREVIOUS PLANNING JUNKED BECAUSE OF OIL CRISIS, INFLATION, SCARCITIES, HIGH IMPORT COSTS AND BOP DETERIORATION THAT ARE CAUSING "RELATIVE RECESSION." MONETARY AND FISCAL RESTRAINTS PINCH PLANT INVESTMENT, THOUGH ANTI-POLLUTION INSTALLATIONS ARE REQUIRED TO CONTINUE. PESSIMISTS PREDICT FY 74 PRIVATE INVESTMENT AT NEAR 33.3 BILLION DOLS, ABOUT HALF THAT FOR FY 73. BULLISH ESTIMATES PLACE IT AT APPROXIMATELY 50 BILLION, BUT MAY NOT TAKE PROBABLE INSUFFICIENT OIL AND POWER SUPPLIES INTO ACCOUNT. GOJ OIL COUNCIL PREVIOUSLY APPROVED NEW REFINERY PROGRAMS BUT MITI REVIEWING THEM IN LIGHT OF PROBABLE CRUDE SUPPLIES. OIL AND POWER CUTBACKS CAUSING MANUFACTURING DECLINE, ESPECIALLY IN AUTOS, CHEMICALS, PAPER AND CEMENT. SPREADING SHORTAGES CAUSE LOWER PART-TIME AND SEASONAL EMPLOYMENT AND CLOSING OF MARGINAL FACILITIES. BUT JAPANESE SEE IMPROVEMENT IN PROSPECTS FOR REASONABLE SOLUTION TO OIL CRISIS, SO BELIEVE ANY 1974 RECESSION WILL BE MINOR.

16. PHILCO-FORD GETS 30 MILLION DOLS CONTRACT FOR TWO EXPERIMENTAL COMMO SATELLITES FOR MITSUBISHI ELECTRIC. SATELLITES SCHEDULED TO BE LAUNCHED IN 1977 (WSJ). CADBURY-SCHWEPES FORMS JOINT-VENTURE WITH KANEBO OF TOKYO TO MANUFACTURE AND MARKET CHOCOLATE AND OTHER PRODUCTS IN JAPAN (JOC).

COMMENT AND ANALYSIS

17. LAT'S ELEGANT (FEB. 24) IN HK VIEWS "GREAT UNCLASSIFIED

PAGE 06 STATE 038298

STRUGGLE MOVEMENT" (NINTH) NOW RAGING IN PRC AS HAVING MOST ABSTRUSELY ACADEMIC HISTORICAL ROOTS OF ALL SINCE CO MUNIST RULE ESTABLISHED IN CHINA. RECALLS THAT CAMPAIGN BEGAN LAST AUTUMN AS ONE TO "CRITICIZE CONFUCIUS"; BUT IT HAS NOW BEEN TRANSFORMED INTO "CRITICIZE LIN PIAO, CRITICIZE CONFUCIUS" MOVEMENT. EARLIER CAMPAIGN WHICH APPARENTLY AIMED AT CONFUCIAN DOCTRINES ACTUALLY ATTEMPTED TO UNDERMINE CHOU; CAMPAIGN AIMED AT LIN AND CONFUCIUS IS CHOU'S EFFORT TO BEAT DOWN EXTREMISTS AROUND CHIANG CHING. AT PRESENT, CHOU'S BRILLIANT COUNTERATTACK SEEMS SUCCEEDING; ENJOYING SUPPORT OF NOW-QUIESCENT MILITARY, ELEGANT THINKS CHOU WILL PROBABLY RETAIN THAT ADVANTAGE. HE MAY BE FORCED TO CONCEDE FEW POINTS, BUT THRUST OF HIS MODERATE FOREIGN AND DOMESTIC POLICIES WILL PROBABLY REMAIN SUBSTANTIALLY UNALTERED. NOTES THAT CHOU'S HARD-HEADED COUNTERATTACK IS COUCHED IN EVEN MORE ABSTRUSE TERMS THAN ORIGINAL CAMPAIGN AGAINST HIM; IT PERSISTENTLY HARKS BACK TO OBSCURE HISTORICAL EVENTS AND TO PHILOSOPHICAL DISPUTES THAT RAGED MORE THAN 2,000 YEARS AGO. CHINESE "MASSES" ARE REQUIRED TO ATTEND "MOBILIZATION MEETINGS" WHERE THEY MUST "CRITICIZE LIN PIAO AND CRITICIZE CONFUCIUS," BUT FOR MOST IT MUST BE LIKE ATTENDING TRIBUNAL WHICH CONDUCTS ITS BUSINESS IN ARCHAIC, LARGELY UNINTELLIGIBLE LANGUAGE. MOST SIMPLY DON'T KNOW WHAT IS GOING ON; PRESENT CAMPAIGN EVOKES FANTASY OF AMERICAN COURT CONDUCTING PROCEEDINGS IN CHAUCERIAN ENGLISH. IF CHINESE MODEL FOLLOWED, CENTRAL ISSUE OF US 1976 PRESIDENTIAL CAMPAIGN COULD BE ATTITUDES OF LINCOLN, THADDEUS STEVENS AND ANDREW JOHNSON TOWARDS SOUTHERN RECONSTRUCTION. CONTENDING CHINESE PARTIES FURTHER GOVERNED BY TABOO THAT IS MARXIST AND CHINESE; THEY MAY NOT REFER TO THEIR OPPONENTS BY NAME UNTIL THEY HAVE DEFEATED THOSE OPPONENTS. ONLY WHEN POLITICAL FIGURE IS FINALLY PURGED MAY HE BE IDENTIFIED; UNTIL THEN, HE IS CALLED BY EPITHETS OR SYMBOLIZED BY HISTORICAL CHARACTERS.

18. WP'S GREENWAY IN HK REFERS TO CHOU'S FEB.

UNCLASSIFIED

PAGE 07 STATE 038298

24 REMARKS TO VISITING ZAMBIAN DELEGATION AND PEOPLE'S
DAILY FEB. 20 EDIT. SEES IN REMARKS AND EDIT EFFORT
BY POLITICAL MODERATES TO CONTAIN, CONTROL AND
DIRECT CURRENT MASS POLITICAL CAMPAIGN TO CRITICIZE

LIN PIAO AND CONFUCIUS. GREENWAY INDICATES EFFORT
IS PAYING OFF, NOTING RADIO BROADCASTS FROM PROVINCES
HAVE BEGUN TO TAKE LESS MILITANT AND MORE MODERATE
LINE THAN PREVIOUSLY. CITES ANALYSTS AS POINTING
OUT IT IS TOO EARLY TO ESTABLISH LONG-TERM TREND,
AND THAT SITUATION COULD CHANGE AGAIN RAPIDLY. NO
INDICATION YET THAT MAO, OR ANYBODY ELSE. WANTS RETURN
TO GPCR CHAOS. BUT CHINA-WATCHERS AGREE THAT CALM,
MODERATE POLICIES OVER WHICH CHOU HAS PRESIDED IN
RECENT YEARS HAVE INCREASINGLY COME UNDER LEFTIST
ATTACK FOR ALLOWING DANGEROUS REVISIONIST TENDENCIES.
CHOU MADE GOOD SHOW OF PARTY UNITY DURING KAUNDA
VISIT. POLITBURO MEMBERS THOUGHT TO REPRESENT RADICALS,
SUCH AS CHIANG CHING AND WANG HUNG-WEN, WERE INCLUDED
IN CEREMONIES AND MEETINGS. ONE WOULD EXPECT NOTHING
ELSE OF CHOU. IT IS RECALLED THAT CHOU DID NOT OPPOSE
GPCR EVEN THOUGH HE BECAME TARGET OF IT FOR A TIME.
CHOU SIDED WITH MAO, BUT FOUGHT TO PRESERVE CHINA'S
STABILITY IN SUCH AREAS AS ECONOMY AND FOREIGN POLICY.
WHEN HE HAD TO MAKE SACRIFICES AND LEAN TO LEFT TO
AVOID BREAKING, HE DID SO. IF MAO WANTED ANOTHER
SHAKE-UP TO PREVENT CREEPING CAPITALISM, CHOU WOULD
TRY TO LEAD IT, NOT OPPOSE IT. AT SAME TIME, ONE
COULD EXPECT HIM TO TRY CONTROL IT IN ORDER TO PRESERVE
HIS BASIC POLICIES, AND THAT IS WHAT ANALYSTS SUGGEST
IS HAPPENING NOW.

19. SUN'S ED WU IN HK SEES CHOU'S FEB. 24 REMARKS
AT KAUNDA BANQUET AS DISPELLING SPECULATION THAT
CHOU WAS TARGET OF LIN-CONFUCIUS CRITICISM. WU DOES
NOT THINK THAT CHOU WAS SPEAKING DEFENSIVELY, SINCE
THERE WERE NO POSITIVE INDICATIONS THAT PEOPLE INSIDE
COUNTRY SUSPECTED THEIR POPULAR PREMIER WAS ABOUT
TO BE CASTIGATED. RECALLS IT WAS ONLY LAST AUG.
DURING PARTY CONGRESS THAT CHOU WAS PARTY'S CHIEF
SPOKESMAN OF SERIES OF POST-LIN PIAO POLICIES, ONE
UNCLASSIFIED

PAGE 08 STATE 038298

OF WHICH IS POLITICAL MOVEMENT NOW SWEEPING COUNTRY.
THINKS STILL LESS PLAUSIBLE IS THEORY THAT THIS MEANS
CHOU HAS GAINED CONTROL OF CRITICISM CAMPAIGN, SEIZING
INITIATIVE FROM HIS ALLEGED FOES. CHOU, FAITHFUL

EXECUTOR OF MAO'S POLICIES, HAS BEEN MORE DURABLE
THAN ANY OTHER LEADER UNDER PARTY CHAIRMAN AS POLICIES
HE SO ABLY IMPLEMENTED WERE ORIGINATED NOT BY HIM
BUT BY MAO.

20. CSM'S SAIKOWSKI REPORTS IMPACT OF PEKING'S DOMESTIC
TURMOIL ON PRC-US EXCHANGES. NATIONAL COMMITTEE

ON US-CHINA RELATIONS SAYS NUMBER OF AMERICANS TRAVELLING
TO CHINA HAS FALLEN OFF BY 65 PERCENT IN RECENT
MONTHS AND NO WELL-KNOWN AMERICAN HAS VISITED PEKING
SINCE DECEMBER. AT THE MOMENT, CHINESE EXCHANGES
WITH ALL COUNTRIES, INCLUDING US, SEEM IN STATE
OF SUSPENSION. PENN STATE U GROUP NOW IN PEKING,
BUT CHINESE HAVE POSTPONED VISIT OF DELEGATION FROM
SUNY THAT WAS TO TAKE PLACE IN MARCH AND HAVE GIVEN
NO ALTERNATIVE DATE. US NEWSMEN ALSO ARE AWAITING
INVITATIONS TO VISIT CHINA. HOWEVER, COMMITTEE
ON SCHOLARLY COMMUNICATIONS WITH PRC SPOKESMAN SAYS
POLITICAL UPHEAVALS SO FAR HAVE HAD NO IMPACT.
NINE EXCHANGES AGREED ON FOR 1974 WHEN HAK WAS IN
PEKING LAST NOV. ARE EXPECTED TO TAKE PLACE, ALTHOUGH
CHINESE HAVE YET TO PROVIDE SPECIFIC DATES. THESE
EXCHANGES WOULD BE PRIMARILY IN SCIENTIFIC AND TECHNICAL
FIELDS. TRADE RELATIONS, MEANWHILE, SEEM ON TRACK.
NATIONAL COUNCIL FOR US-CHINA TRADE OFFICIALS SAY
THERE IS "NO LACK OF COMMUNICATION" WITH THEIR CHINA
COUNTERPARTS. THEY NOTE THAT CHINESE ASKED COUNCIL
WELL IN ADVANCE TO RECOMMEND MEMBERS TO ATTEND APRIL
AND MAY CANTON FAIR AND ARE DOING CONSIDERABLE RESEARCH
ON US FEDERAL REGULATIONS AFFECTING IMPORT OF CHINESE
COMMODITIES, AS IF PREPARING WAY FOR INVITATIONS
TO AMERICAN BUSINESSMEN TO VISIT FAIR. SAIKOWSKI
SAYS DOS OFFICIALS ARE RELUCTANT TO COMMENT ABOUT
CHINA'S "MINI-CULTURAL REVOLUTION." BUT PRIVATELY
THEY SAY, ON BASIS OF DEVELOPMENTS SO FAR, THEY
SEE NO EVIDENCE THERE WILL BE SIGNIFICANT SHIFT
UNCLASSIFIED

PAGE 09 STATE 038298

IN PEKING'S OUTLOOK TOWARD WEST OR THAT CHINA WILL
WITHDRAW INWARD AS DURING GPCR. US CULTURAL OFFICIALS
SAY THAT WHILE OFFICIAL EXCHANGES ARE NOT IN DEFAULT
NOW, THERE COULD BE IMPACT ON EXCHANGE PROGRAM IF
CAMPAIGN CONTINUES INDEFINITELY. MOST CHINA-WATCHERS
SUSPENDING JUDGMENT ON MEANING OF CURRENT CAMPAIGN,
NOTING MERELY THAT IT SEEMS TO WARN CHINESE PEOPLE
AGAINST ASSOCIATION WITH FOREIGNERS, AND TO TIGHTEN
INTERNAL CONTROL AMID SIGNS THAT THERE IS THIRST
IN CHINA FOR WESTERN CULTURE. NOTES GENUINE CONCERN
AMONG US SCHOLARS THAT POLITICAL DECISIONS IN PEKING
ARE NOT MAKING IT POSSIBLE TO MOVE AHEAD STEADILY
WITH IMPROVEMENT OF SINO-US RELATIONS. CITES SOME

CHINA SCHOLARS INTERPRETING PEKING TIRADE AGAINST ANTONIONI AS INTENDED TO MAKE CLEAR THAT CHINA REGARDS USSR AS ITS MAIN ANTAGONIST. ARTICLE CIRCULATED BY PRCLTO TO NEWSMEN IN WASHINGTON.

21. LAT'S JAMESON (FEB. 24) IN TOKYO REPORTS THAT ANGUISH BROUGHT ON BY OIL CRISIS IN JAPAN IS NOW GONE; FEW ARE TALKING ABOUT - OR PRACTICING - AUSTERITY CALLED FOR LAST NOVEMBER. BULLISH JAPANESE BUSINESSMEN, ATTEMPTING TO INCREASE PROFITS IN FACE OF GOJ MOVES TO COOL DEMAND IN OVERHEATED ECONOMY, HAVE TURNED TO TWO OLD BUSINESS STRATEGIES: INCREASE PRICES AT HOME AND SELL MORE GOODS ABROAD. MITI CALCULATED EFFECTS OF INCREASED COSTS OF IMPORTED OIL AND DISCOVERED THAT MANUFACTURERS HAD BEEN RAISING PRICES OF RELATED COMMODITIES BY TWO, THREE AND EVEN MORE TIMES HIGHER INCREMENTAL OIL COST. ALREADY, FIRST SIGNS OF EXPORT DRIVE REMINISCENT OF PAST HAVE APPEARED. VALIDATED EXPORTS FOR JAN. SHOT UPWARD BY 40.9 PERCENT COMPARED WITH SAME MONTH YEAR EARLIER. US EMBASSY OFFICIALS AND JAPANESE LEADERS PREDICT NEW SPURT IN EXPORTS, SAY SOLE DIFFERENCE FROM PAST WAS THAT THIS ONE WOULDN'T BE SPURRED BY GOVT. INCENTIVES. EMBASSY NOTED THAT WHILE GOJ HAS EASED CONTROLS ON CAPITAL INFLOW, IT HASN'T RESTORED ANY OF OLD PREFERENTIAL MEASURES FOR EXPORTS. JAMESON OBSERVES NO ABATEMENT IN JAPANESE APPETITE FOR INVESTMENT ABROAD DESPITE 8 BILLION DOL DIP IN JAPAN'S FOREX RESERVES. RENEWED UNCLASSIFIED

PAGE 10 STATE 038298

CONFIDENCE PROBABLY ATTRIBUTABLE TO 9 BILLION DOLS WORTH OF "HIDDEN RESERVES" (KEPT IN CITY BANKS AND FOREIGN BONDS) WHICH DON'T SHOW UP IN 12 BILLION DOLS OFFICIAL FOREX HOLDINGS; PROBABLY ATTRIBUTABLE ALSO TO REALIZATION THINGS WERE NEVER BAD AS THEY SEEMED.

22. LAT'S JAMESON (FEB. 24) IN TOKYO DISCUSSES JAPANESE REACTION TO PRES. NIXON'S FOREIGN POLICY. SAYS FOR JAPAN, NIXON YEARS OPENED PAGES OF DISTRUST, DISILLUSIONMENT, AND DISINTEGRATION OF JAPAN'S ALLIANCE WITH US. PROCESS CONTINUES, BUT JAPANESE LEADERS, AS IF HOPING IT ISN'T REALLY TRUE, REMAIN PUBLICLY SILENT; THEY STILL PROFESS TO WANT TO MAKE JAPAN'S RELATIONS WITH US CENTRAL PILLAR OF JAPAN'S WORLD DIPLOMACY THAT SUCCESSIVE JAPANESE GOVTS. HAVE DECLARED THEM TO BE. THEIR PUBLIC SILENCE EVINCES THAT DESIRE - AS IF HOPING THAT SOMEHOW UNRAVELLING PROCESS WILL STOP IF ONLY THEY REFUSE TO ACCELERATE IT. WITH ASTOUNDING UNANIMITY, GOJ OFFICIALS TRACE BEGINNING OF NEW DISTRUST TO PRES' DEMAND THAT JAPAN AGREE TO CURB TEXTILE EXPORTS TO US. SENIOR GOVT. OFFICIAL

SAID IT WAS NOT DEMAND ITSELF, BUT PRES' PERSONAL LEADERSHIP OF ANTI-JAPANESE CRITICISM THAT LEFT

SCARS, ADDING: "IT REVEALED THE FIST-SHAKING STYLE OF NIXON DIPLOMACY, WHICH IS THE WORST POSSIBLE STYLE IN DEALING WITH JAPANESE." THEN CAME NIXON JULY 1971 ANNOUNCEMENT THAT HE WOULD VISIT CHINA, WITHOUT SO MUCH AS PEEP OF PRIOR NOTICE TO JAPAN. US DIPLOMATIC BREAKTHROUGH WITH CHINA HAS BEEN CREDITED WITH RELAXING TENSIONS AND HELPING JAPAN ESTABLISH FULL DIPLOMATIC TIES WITH PEKING, BUT EVEN THIS HAS ACQUIRED SINISTER OVERTONES FOR JAPANESE. AWARE OF INDICATIONS THAT SOME US OFFICIALS BELIEVE US DEFENSE TREATY WITH JAPAN POSTPONES SO-CALLED "INEVITABLE" PROCESS OF JAPANESE REARMAMENT, JAPANESE LEADERS SUSPECT HAK NOW REGARDS TREATY AS MEANS TO "RESTRAIN AND CONTROL" JAPAN, ONE DEFENSE PLANNER SAID, AND THAT HAK TELLS THIS TO PEKING. DEFENSE PLANNER RAISED QUESTION: "IS THIS KIND OF DETENTE REALLY UNCLASSIFIED

PAGE 11 STATE 038298

DESIRABLE FOR JAPAN?" SOME GIVE PRES. AND HAK CREDIT FOR ATTEMPTING TO PROMOTE TRUE INTERNATIONAL COOPERATION, BUT OTHERS FEEL THEY CONTRADICT THEMSELVES. ONE JAPANESE SAID: "THEY BOTH ACKNOWLEDGE A CHANGE IN THE WORLD FROM THE DAYS OF AMERICAN PREEMINENCE, BUT THEN THEY TURN RIGHT AROUND AND INSIST ON EVERYBODY FOLLOWING THE AMERICAN LEAD. THE 'ATLANTIC CHARTER' IDEA IS THE BEST EXAMPLE OF THAT."

23. LAT'S ELEGANT (FEB. 24) IN JAKARTA REVIEWS RECENT POLITICAL MOVES MADE BY SUHARTO, AND RAISES RHETORICAL QUESTION AS TO WHETHER THEY MEAN "INCREASING AUTHORITARIANISM MOVING TOWARD ONE-MAN RULE OR ARE THEY INTENDED TO PLACATE THE DISSATISFIED INTELLECTUALS WHO IGNITED MAJOR RIOTS MORE THAN A MONTH AGO?" SAYS REGARDLESS OF IMMEDIATE TREND, GOI ADMIN IS - AND WILL REMAIN - BASICALLY AUTHORITARIAN; IT CAN BE CALLED INEFFICIENT AUTHORITARIANISM OR, WITH EQUAL TRUTH, TOLERANT AUTHORITARIANISM.

24. WSJ'S HARTLEY IN JAKARTA WRITES LENGTHY PIECE ABOUT WEALTH FLOWING INTO INDONESIA AS MASSES LIVE IN ABJECT POVERTY. FEW INDOS BENEFITTING FROM INCREASED WEALTH BECAUSE OF MASSIVE BUREACRACY AND CORRUPTION.

25. GVN AMBASSADOR WRITES LETTER TO NYT EDITOR CHARGING FEB. 4 EDITORIAL, "WHAT ARE WE UNDERWRITING IN VIETNAM?", WITH IGNORING CERTAIN VITAL FACTS. CLAIMS COMMUNISTS DO NOT WANT INTERNATIONALLY-SUPERVISED ELECTIONS, REFUSED TO LET ICCS OPERATE IN COMMUNIST-

HELD AREAS, INFILTRATED SVN WITH MANPOWER AND OFFENSIVE WEAPONS, DISREGARDED DEMARCATION LINE, SOUGHT ONLY IMPLEMENTATION OF ACCORD PROVISIONS ADVANTAGEOUS TO THEM.

26. IN LETTER TO WP EDITOR, COLUMBIA U'S SOUTHERN ASIAN INSTITUTE DIRECTOR (W. HOWARD WRIGGINS), JUST RETURNED FROM FIVE-WEEK VISIT TO PAKISTAN, INDIA, CEYLON AND IRAN, REFERS TO DIEGO GARCIA. EXPRESSES VIEW THAT US LONGER RUN POLITICAL AND MILITARY INTERESTS UNCLASSIFIED

PAGE 12 STATE 038298

IN INDIAN OCEAN WILL BE BETTER SERVED BY HOLDING BACK BIT LONGER IN CHANGING DIEGO GARCIA TO ACTIVE NAVAL BASE. SUGGESTS WE SEE WHAT MOSCOW DOES, RATHER THAN PLUNGING AHEAD WITH CHANGE, SAYING IF WE PROCEED NOW IT WILL BE WE THAT WILL BE HELD RESPONSIBLE FOR WHATEVER SUPERPOWER NAVAL RACE THAT ENSUES. CASEY

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Review History: RELEASED <25 FEB 2002 by elbezefj>; APPROVED <03 DEC 2002 by kelleyw0>
Review Markings:

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EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FEBRUARY 26 EA PRESS SUMMARY
TAGS: PFOR, XC, US
To: SAIGON INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
BIEN HOA
CAN THO
DANANG
HONG KONG
NHA TRANG
JEC PARIS

USSAGE
CINCPAC
COGARD
XMT SUVA
Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005